

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service; Review of the)	
Definition of Universal Service)	

REPLY COMMENTS OF AT&T CORP.

Pursuant to section 1.415 of the Commission's rules, 47 C.F.R. § 1.415, AT&T Corp. ("AT&T") submits these reply comments on the Commission's Notice of Proposed Rulemaking in the above-captioned proceeding.^{1/} As discussed below, the Commission should adopt the *Recommended Decision* of the Federal-State Joint Board on Universal Service ("Joint Board") that generally concludes that the definition of services supported by universal service should *not* be expanded.^{2/}

Almost all commenters, including all sectors of the telecommunications industry and state public utility commissions, agree that there is no basis for adding advanced or high-speed services to the list of supported services.^{3/} As MCI, Qwest, and Dobson show, these services have an insufficient nexus with the factors contained in section 254(c) and, thus, do not meet the legal requirements for universal service support.^{4/} Although one commenter, Valor Telecommunications, attempts to demonstrate that high-speed access to the Internet is essential to education, public health, and public safety, the Joint Board appropriately rejected Valor's argument that important educational and medical materials found on the Internet require

^{1/} *Federal-State Joint Board on Universal Service*, 18 FCC Rcd 2932 (2003) ("Notice").

^{2/} *Federal-State Joint Board on Universal Service*, 17 FCC Rcd 14095 (2002) ("*Recommended Decision*").

^{3/} See, e.g., Verizon at 3-4; USTA at 3; SBC at 4; Florida Public Service Commission at 3; Sprint at 3-4; United States Cellular Corporation at 1.

universal service support for advanced services.^{5/} As the Joint Board concludes, the resources available on the Internet “are readily accessible through alternative means, such as by voice telephone or dial-up connections to the Internet” and, therefore, high-speed access services are not “essential” within the meaning of section 254(c).^{6/} Similarly, no commenter has demonstrated that a substantial majority of residential consumers subscribe to advanced and high-speed services. In fact, as the Florida Public Service Commission and Verizon note, there is no evidence to suggest a substantial majority of households currently subscribe to Internet access in any form.^{7/}

Nor is there any reason to expand the definition of universal service to include services such as warm or soft dialtone, service quality standards, unlimited local usage, public interest payphone service, or equal access. There is widespread consensus among the commenters that these services, like advanced and high-speed services, fail to meet the “essential” and “ubiquitous” criteria set forth in section 254(c).^{8/} Likewise, some commenters point out that adding such services would not comply with section 254(c)’s public interest prong because it “would increase the funding burden and drive up the cost for all telecommunications customers, making basic telephone service less affordable and undermining the goal of universal service.”^{9/} The few commenters that advocate expanding the universal service definition to include one or more of these services offer no supportable explanation for why doing so would be consistent

^{4/} MCI at 2; Qwest at 1-2; Dobson at 6.

^{5/} Valor Telecommunications at 5.

^{6/} *Recommended Decision* ¶ 12; *see also* New York Public Service Commission at 4; Qwest at 1-2; SBC at 4; BellSouth at 2.

^{7/} Florida Public Service Commission at 3; Verizon at 3.

^{8/} *See, e.g.*, New York Public Service Commission at 4-5; USTA at 3; Dobson at 8-14; SBC at 7-8; United States Cellular Corporation at 1; Verizon at 2-3; BellSouth at 2.

^{9/} Verizon at 2.

with the public interest.^{10/} As Qwest stresses, there is simply no basis for dramatically increasing the size of the universal service fund and the cost of telecommunications services for all by expanding the definition of universal service at this point.^{11/}

Finally, as a number of commenters emphasize, the Commission should address pressing concerns about the long-term stability of the universal service fund *before* it considers adding more services to the list of supported services.^{12/} Indeed, rather than consider the issues raised in the *Recommended Decision* “in a public policy vacuum,”^{13/} the Commission should address universal service definitions as part of its broad reform of the universal service regime.^{14/} The *Recommended Decision* is integrally connected to at least five other pending universal service proceedings^{15/} and, as USTA states, given the plethora of such proceedings, “adding new services to the list of supported universal services now would only create additional stress on an increasingly fragile program.”^{16/} The Commission’s primary task at this point should be to

^{10/} Cf. MUST at 7-10; United States Conference of Catholic Bishops, *et. al.* at 4-18; NASCUA at 4; Valor at 3-5.

^{11/} Qwest at 2.

^{12/} See, e.g., AT&T at 5; SBC at 9; Verizon Wireless at 6; USTA at 4.

^{13/} SBC at 9.

^{14/} See, e.g., AT&T at 5-6; SBC at 9; USTA at 4; MCI at 5-6.

^{15/} See, e.g., *Federal-State Joint Board on Universal Service*, 17 FCC Rcd 2999 (2002) (referring issues from the Tenth Circuit’s remand to the Joint Board); *Federal-State Joint Board on Universal Service*, 17 FCC Rcd 22642 (2002) (referring certain issues regarding high-cost service and ETC designation to the Joint Board); *Federal-State Joint Board on Universal Service, et al.*, 17 FCC Rcd 24952 (2002) (seeking comment on long-term modifications to universal service contribution mechanisms); *Federal-State Joint Board on Universal Service Seeks Comment on Certain of the Commission’s Rules Relating to High-Cost Universal Service Support and the ETC Designation Process*, 18 FCC Rcd 1941 (2003) (seeking comment on the Commission’s referral of ETC designation and high-cost service issues); *Federal-State Joint Board on Universal Service*; Wireline Competition Bureau Staff Study of Alternative Contribution Methodologies, attached to Public Notice, *Commission Seeks Comment on Staff Study Regarding Alternative Contribution Methodologies*, 18 FCC Rcd 3006 (2003); *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, FCC 03J-2 (rel. Apr. 2, 2003) (proposing modifications to the Lifeline and Link-Up programs).

^{16/} USTA at 4. For the same reason, the Commission should resolve questions of eligibility to receive universal service funds directly in the ongoing universal service proceedings designed to address such issues instead of indirectly through the expansion of the list of supported services. Cf. MUST at 10-11 (urging the addition of equal access to ensure nondiscrimination in ETC decisions); OPASTCO at 14-15 (raising concerns about the number of ETCs designated in a particular area).

ensure that the contribution mechanism is sufficient, sustainable, and competitively neutral. If and when that is accomplished, it might be appropriate to consider expanding the definition of supported services.

CONCLUSION

For the foregoing reasons, the Commission should adopt the Joint Board's *Recommended Decision* not to expand the current list of telecommunications services supported by universal service.

Respectfully submitted,

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Dated: April 28, 2003

CERTIFICATE OF SERVICE

I, Angela F. Collins, hereby certify that on this 28th day of April 2003, I caused a copy of the foregoing "Reply Comments of AT&T Corp." to be sent to the following via first-class mail, postage prepaid:

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